

**CLARKSVILLE
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

TABLE OF CONTENTS

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-15
Governmental Fund Financial Statements:		
Balance Sheet	C	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	17
Statement of Revenues, Expenditures and Changes in Fund Balances	E	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	20
Proprietary Fund Financial Statements:		
Statement of Revenues, Expenses and Changes in Fund Net Assets	G	21
Statement of Cash Flows	H	22
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	I	23
Statement of Changes in Fiduciary Net Assets	J	24
Notes to Financial Statements		25-32
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		33
Notes to Required Supplementary Information - Budgetary Reporting		34
Other Supplementary Information:	<u>Schedule</u>	
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	1	35
Schedule of Changes in Private Purpose Trusts	2	36
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	3	37
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		38-39
Schedule of Findings		40-41

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2008 Election)

Paul Leerhoff	President	2008
Kurt Wedeking	Vice President	2011
Chris Fenneman		2009
Sharon Markussen		2009
Joyce Freese		2009

(After September 2008 Election)

Kurt Wedeking	President	2011
Chris Fenneman	Vice President	2009
Chris Baker		2011
Sharon Markussen		2009
Joyce Freese		2009

School Officials

Robert Longmuir	Superintendent
Shellee Bartlett	District Secretary/ Treasurer

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

To the Board of Education of
Clarksville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District, Clarksville, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2009 on our consideration of Clarksville Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

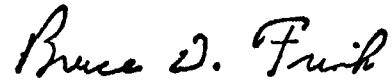
Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarksville Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Bruce D. Frink".

BRUCE D. FRINK
Certified Public Accountant

December 4, 2009

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Clarksville Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,297,942 in fiscal 2008 to \$3,700,575 in fiscal 2009, while General Fund expenditures increased from \$3,339,484 in fiscal 2008 to \$3,569,188 in fiscal 2009. The District's General Fund balance increased from \$53,736 in fiscal 2008 to \$185,128 in fiscal 2009.
- Virtually all of the increase in General Fund spending was done in the Instructional areas. Administrative costs decreased 2%. This shows the District's priority on "students first".
- The District received \$216,778 in revenues from the statewide sales tax program. The District used \$156,806 of these funds to reduce property tax levies in the Debt Service Fund for the bond payment.
- The District's Certified Enrollment decreased from 381.3 students in October 2007 to 371.8 students in October 2008. The District received weighting of 9.6 students as part of the DE approved preschool program.
- The number of students who open enrolled out of the District increased by 2 students in the October 2008 Certified Enrollment compared to the October 2007 Certified Enrollment while the number of students who open enrolled in to the District decreased by 1. The net difference between the District's open enrollment in (positive financial impact) and its open enrollment out (negative financial impact) was a negative 18 students.
- The District fully retired its general obligation debt.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clarksville Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarksville Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clarksville Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Clarksville Community School District Annual Financial Report

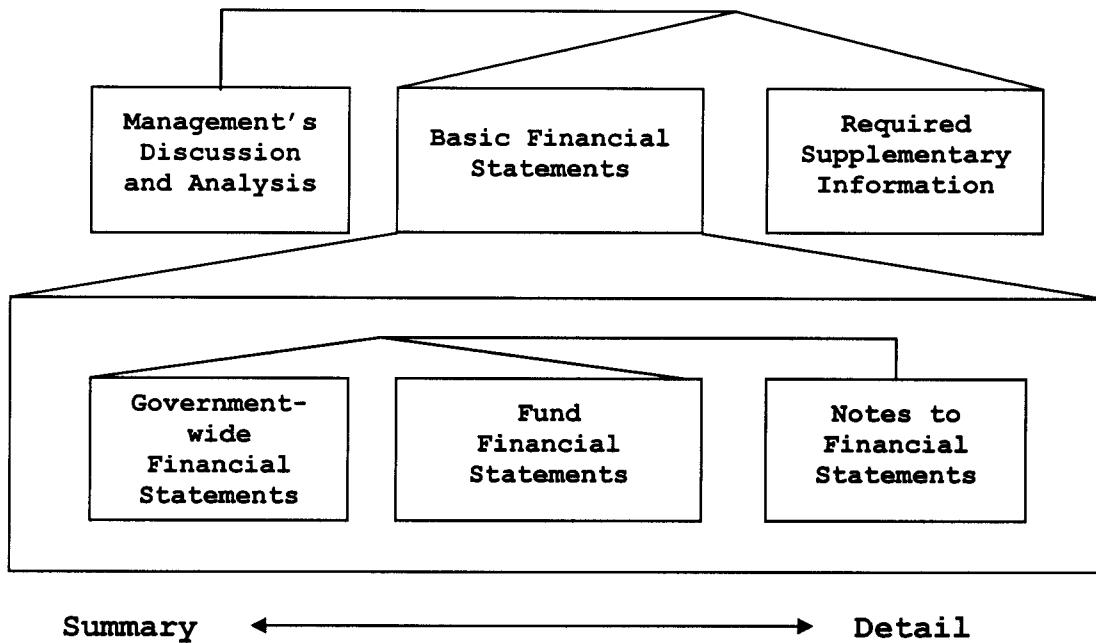


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current assets	\$ 2,136	1,937	57	53	2,193	1,990	10.20%
Capital assets	1,974	1,912	10	14	1,984	1,926	3.01%
Total assets	4,110	3,849	67	67	4,177	3,916	6.66%
Current liabilities	1,404	1,373	2	2	1,406	1,375	2.25%
Non-current liabilities	55	165	-	-	55	165	-66.67%
Total liabilities	1,459	1,538	2	2	1,461	1,540	-5.13%
Net Assets							
Invested in capital assets, net of related debt	1,919	1,747	10	14	1,929	1,761	9.54%
Restricted	312	296	-	-	312	296	5.41%
Unrestricted	420	268	55	51	475	319	48.90%
Total net assets	\$ 2,651	2,311	65	65	2,716	2,376	14.31%

Total net assets grew 14% primarily due to an increase in the General Fund. The District also spent over \$200,000 on items whose cost will be depreciated over their useful lives. While this required the use of current assets, the expense is spread out under generally accepted accounting principles.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business type Activities		Total School District		Total Change	
2009	2008	2009	2008	2009	2008	2008-2009	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 111	102	97	90	208	192	8.33%
Operating grants, contributions and restricted interest	770	589	77	83	847	672	26.04%
General revenues:							
Property tax	1,130	1,111	-	-	1,130	1,111	1.71%
Income surtax	222	201	-	-	222	201	10.45%
Sales tax	217	202	-	-	217	202	7.43%
Unrestricted state grants	1,788	1,585	-	-	1,788	1,585	12.81%
Unrestricted investment earnings	14	15	-	-	14	15	-6.67%
Other	6	(53)	-	-	6	(53)	-111.32%
Total revenues	4,258	3,752	174	173	4,432	3,925	12.92%
Program expenses:							
Governmental activities:							
Instruction	2,784	2,567	-	-	2,784	2,567	8.45%
Support Services	848	766	-	-	848	766	10.70%
Non-instructional programs	3	3	174	163	177	166	6.63%
Other expenses	283	398	-	-	283	398	-28.89%
Total expenses	3,918	3,734	174	163	4,092	3,897	5.00%
Change in net assets	\$ 340	18	-	10	340	28	1114.29%

Property tax and unrestricted state grants account for 66% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 89% of the total expenses. The District continues to focus more of its expenditures each year on activities directly related to student education.

Governmental Activities

Revenues for governmental activities were \$4,247,145 and expenses were \$3,917,844 for the year ended June 30, 2009.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 2,784	2,567	8.45%	2,073	2,035	1.87%
Support Services	848	766	10.70%	823	740	11.22%
Noninstructional	3	3	0.00%	3	3	0.00%
Other expenses	<u>283</u>	<u>398</u>	<u>-28.89%</u>	<u>138</u>	<u>266</u>	<u>-48.12%</u>
Totals	<u>\$ 3,918</u>	<u>3,734</u>	<u>4.93%</u>	<u>3,037</u>	<u>3,044</u>	<u>-0.23%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$110,734.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$495,347.
- The net cost of governmental activities was financed with \$1,129,978 in property tax, \$1,787,524 in state foundation aid, and \$14,447 in interest income.

PROPRIETARY-TYPE FUNDS

Revenues for the District's School Nutrition Fund were \$174,405 and expenses were \$174,136. The revenues include charges for services, contributions, and federal and state reimbursements.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The Clarksville Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the fiscal year, its governmental funds reported a combined fund balance of \$2,639,837, which is fourteen percent more than last year's ending fund balance of \$2,310,536.

Governmental Fund Highlights

Several factors contributed to the decrease of the fund balance in the District's governmental funds. Some of these factors were unexpected; some were deliberately planned.

- The District received revenues of \$216,778 from the Statewide Sales Tax. This tax replaces the old local option sales tax that generated funds only from within Butler County.
- To lower property tax levies, the District used \$156,806 of the Statewide Sales Tax for retirement of general obligation bonds.
- The general obligation bond indebtedness was fully retired in 2009.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$64,600 at June 30, 2008 to \$64,869 at June 30, 2009.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget was amended during the year utilizing similar statutorily prescribed procedures.

It is the District's practice, as is in most Iowa school district, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year. The District did not exceed the budgeted expenditure amounts or the unspent authorized budget during fiscal 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested more than \$1.9 million, net of accumulated depreciation, by the end of fiscal year 2009 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. Total depreciation expenses for the year exceeded \$145,000. Additions to capital assets exceeded \$207,000 during the year.

Long-Term Debt

The District paid off the remaining \$165,000 in general obligation bonds outstanding June 30, 2009.

The District borrowed \$54,977 for the purchase of a school bus from Iowa State Bank. The loan will be paid off over the next four years with an interest rate of 3.65%.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The District projects that its enrollment will be stable over the next five years. Birth rates in Clarksville District have been consistent for the past fifteen years. The District's enrollment decreased by 9.5 students from October 2008 to October 2009.
- The District's total taxable valuation increased 4.6%, \$2,998,152, for the 2008-2009 school year.
- In June 2009, the District completed its payment of its bonded indebtedness for the high school gymnasium additions. This will eliminate the need for the Debt Service Levy.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal "No Child Left Behind Act" and the state "Student Achievement and Teacher Quality Initiative". This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shellee Bartlett, District Secretary/Treasurer and Business Manager, Clarksville Community School District, 318 N Mather, Clarksville, Iowa 50619.

Basic Financial Statements

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities School Nutrition	Total
Assets			
Cash	\$ 405,658	47,564	453,222
ISCAP investments	227,547	-	227,547
Receivables:			
Property tax:			
Current year	21,380	-	21,380
Succeeding year	1,134,871	-	1,134,871
Income surtax - succeeding year	175,037	-	175,037
Due from other governments	148,307	-	148,307
Other receivables	23,133	-	23,133
ISCAP accrued interest receivable	28	-	28
Inventories	-	9,746	9,746
Capital assets, net of accumulated depreciation	1,973,967	9,453	1,983,420
Total assets	4,109,928	66,763	4,176,691
Liabilities			
Accounts payable	27,462	1,894	29,356
ISCAP unamortized premium	4,336	-	4,336
ISCAP warrants payable	224,000	-	224,000
ISCAP accrued interest payable	77	-	77
Deferred revenue:			
Federal programs	13,771	-	13,771
Succeeding year property tax	1,134,871	-	1,134,871
Long-term liabilities:			
Portion due within one year:			
Bus loan note payable	12,988	-	12,988
Portion due after one year:			
Bus loan note payable	41,989	-	41,989
Total liabilities	1,459,494	1,894	1,461,388
Net assets			
Invested in capital assets, net of related debt	1,918,990	9,453	1,928,443
Restricted for:			
Management levy	64,916	-	64,916
Physical plant and equipment levy	62,910	-	62,910
Debt service	355	-	355
Capital projects	183,791	-	183,791
Categorical funding	14,020	-	14,020
Unrestricted	405,452	55,416	460,868
Total net assets	\$ 2,650,434	64,869	2,715,303

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Business Type Activities Total
Functions/Programs:				
Governmental activities:				
Instruction:	\$ 2,783,688	89,088	621,453	(2,073,147) (2,073,147)
Support services:				
Student services	49,688	-	-	(49,688) (49,688)
Instructional staff services	118,388	-	-	(118,388) (118,388)
Administration services	335,648	-	-	(335,648) (335,648)
Operation and maintenance of plant services	232,733	-	3,211	(229,522) (229,522)
Transportation services	111,260	21,646	-	(89,614) (89,614)
	847,717	21,646	3,211	(822,860) (822,860)
Non-instructional programs:				
Food service operations	3,029	-	-	(3,029) (3,029)
Other expenditures:				
AEA flowthrough	139,317	-	139,317	- -
Long-term debt interest and services	7,509	-	208	(7,301) (7,301)
Facilities acquisition and construction	8,652	-	5,539	(3,113) (3,113)
Depreciation (unallocated)*	127,932	-	-	(127,932) (127,932)
	283,410	-	145,064	(138,346) (138,346)
Total governmental activities	3,917,844	110,734	769,728	(3,037,382) (3,037,382)

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Business Type Activities	Total
Business type activities:					
Non-instructional programs:					
Nutrition services	174,136	97,343	77,062	-	269
Total	<u>\$ 4,091,980</u>	<u>208,077</u>	<u>846,790</u>	<u>(3,037,382)</u>	<u>(3,037,113)</u>
General Revenues:					
Property tax levied for:					
General purposes				\$ 995,349	-
Management levy				72,174	-
Debt service				13,115	-
Capital outlay				49,340	-
Income surtax:					
General purposes				151,643	-
Capital outlay				70,495	-
School infrastructure local option sales tax				216,778	216,778
Unrestricted state grants				1,787,524	-
Unrestricted investment earnings				14,447	-
Other				6,415	-
Total general revenues				<u>3,377,280</u>	<u>-</u>
Change in net assets				339,898	269
Net assets beginning of year				<u>2,310,536</u>	<u>64,600</u>
Net assets end of year				<u>\$ 2,650,434</u>	<u>2,715,303</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

Exhibit C

June 30, 2009

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 556,407
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Income surtax receivable at June 30, 2009 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.	175,037
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,973,967
Long-term liabilities, including bus loan payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(54,977)</u>
 Net assets of governmental activities (Exhibit A)	 <u><u>\$ 2,650,434</u></u>

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

	General	Capital Projects	Debt Service	Management	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:							
Local sources							
Local tax	\$ 1,138,475	216,778	13,115	72,174	-	119,835	1,560,377
Tuition	79,973	-	-	-	-	-	79,973
Other	60,058	5,539	198	1,332	117,790	1,770	186,687
State sources	2,263,544	-	10	65	-	44	2,263,663
Federal sources	158,525	-	-	-	-	-	158,525
Total revenues	3,700,575	222,317	13,323	73,571	117,790	121,649	4,249,225
Expenditures:							
Current:							
Instruction	2,662,859	-	-	13,091	106,028	1,710	2,783,688
Support services:							
Student services	49,688	-	-	-	-	-	49,688
Instructional staff services	88,411	-	-	-	-	56,718	145,129
Administration services	333,458	-	-	2,190	-	-	335,648
Operation and maintenance of plant services	208,212	2,721	-	38,811	-	20,273	270,017
Transportation services	87,238	-	-	6,193	-	69,977	163,408
	767,007	2,721	-	47,194	-	146,968	963,890
Non-instructional programs:							
Food service operations	-	-	-	3,029	-	-	3,029

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

	General	Capital Projects	Debt Service	Management	Student Activity	Physical Plant and Equipment Levy	Total
Other expenditures:							
AEA flowthrough	139,317	-	-	-	-	-	139,317
Long-term debt:							
Principal	-	-	165,000	-	-	-	165,000
Interest	-	-	7,755	-	-	-	7,755
Services	-	-	400	-	-	-	400
Facilities acquisition and construction	-	64,274	-	-	-	17,835	82,109
	139,317	64,274	173,155	-	-	17,835	394,581
Total expenditures	3,569,183	66,995	173,155	63,314	106,028	166,513	4,145,188
Excess (deficiency) of revenues over (under) expenditures	131,392	155,322	(159,832)	10,257	11,762	(44,864)	104,037
Other financing sources (uses):							
Capital lease proceeds	-	-	-	-	-	54,977	54,977
Operating transfers in	-	-	156,806	-	-	-	156,806
Operating transfers out	-	(156,806)	-	-	-	-	(156,806)
Total other financing sources (uses)	-	(156,806)	156,806	-	-	54,977	54,977
Net change in fund balances	131,392	(1,484)	(3,026)	10,257	11,762	10,113	159,014
Fund balances beginning of year	53,736	185,275	3,381	54,659	47,545	52,797	397,393
Fund balances end of year	\$ 185,128	183,791	355	64,916	59,307	62,910	556,407

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ 159,014

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities

This represents the change in income surtax receivable from FY09 to FY10 8,517

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	207,459
Depreciation expense	(145,761)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	(54,977)	
Repayments	<u>165,000</u>	110,023

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

646

Change in net assets of governmental activities (Exhibit B) \$ 339,898

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 97,343
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	67,049
Benefits	9,043
Services	5,498
Supplies	87,900
Depreciation	4,646
Total operating expenses	<u>174,136</u>
Operating (loss)	<u>(76,793)</u>
Non-operating revenues:	
State sources	1,977
Federal sources	74,167
Interest income	918
	<u>77,062</u>
Net profit	269
Net assets beginning of year	<u>64,600</u>
Net assets end of year	<u>\$ 64,869</u>

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 97,343
Cash payments to employees for services	(76,092)
Cash payments to suppliers for goods or services	<u>(80,766)</u>
Net cash (used by) operating activities	<u>(59,515)</u>
Cash flows from non-capital financing activities:	
State grants received	1,977
Federal grants received	<u>59,384</u>
Net cash provided by non-capital financing activities	<u>61,361</u>
Cash flows from investing activities:	
Interest on investments	<u>702</u>
Net increase in cash and cash equivalents	2,548
Cash and cash equivalents beginning of year	<u>45,016</u>
Cash and cash equivalents end of year	<u><u>\$ 47,564</u></u>
Reconciliation of operating (loss) to net cash used by operating activities:	
Operating (loss)	\$ (76,793)
Adjustments to reconcile operating (loss) to net cash provided by (used by) operating activities:	
Depreciation	4,646
Commodities used	14,783
(Increase) in inventory	(1,804)
(Decrease) in accounts payable	<u>(347)</u>
	<u><u>\$ (59,515)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$14,783.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

	Private Purpose Trusts <u>Scholarships</u>
Assets	
Cash	\$ 56,148
Total assets	<u>56,148</u>
Net Assets	
Reserved for scholarships	<u>56,148</u>
Total net assets	<u>\$ 56,148</u>

See notes to financial statements.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trusts <u>Scholarships</u>
Additions:	
Local sources:	
Miscellaneous	\$ 2,262
Total additions	<u>2,262</u>
Deductions:	
Support services:	
Scholarships	<u>3,650</u>
Total deductions	<u>3,650</u>
Change in net assets	(1,388)
Net assets beginning of year	<u>57,536</u>
Net assets end of year	<u>\$ 56,148</u>

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Clarksville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Clarksville, Iowa, and agricultural area in Butler County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clarksville Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Clarksville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler County Assessor Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has chosen to include all governmental funds as major funds, whether they meet the criteria or not. This was done for simplicity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Physical Plant and Equipment Levy Fund is utilized to account for the maintenance and equipping of the District's facilities.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The Capital Projects Fund is used to account for funds raised by the one cent School Infrastructure Local Option Sales Tax. These funds are being used for debt retirement and infrastructure expenses.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Funds are used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sale and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents - The cash balances of most District funds are invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amended amount budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2009.

(3) **Capital Assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,505	-	-	9,505
Capital assets being depreciated:				
Buildings and improvements	3,718,980	99,817	-	3,818,797
Machinery and equipment	610,308	107,642	-	717,950
Total capital assets being depreciated	4,329,288	207,459	-	4,536,747
Less accumulated depreciation for:				
Buildings	1,969,187	88,060	-	2,057,247
Machinery and equipment	457,337	57,701	-	515,038
Total accumulated depreciation	2,426,524	145,761	-	2,572,285
Total capital assets being depreciated, net	1,902,764	61,698	-	1,964,462
Governmental activities, capital assets, net	\$ 1,912,269	61,698	-	1,973,967

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 54,703	-	219	54,484
Less accumulated depreciation	<u>40,604</u>	<u>4,646</u>	<u>219</u>	<u>45,031</u>
Business type activities capital assets, net	<u>\$ 14,099</u>	<u>(4,646)</u>	<u>-</u>	<u>9,453</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Support services:

Transportation

Unallocated

\$ 17,829
127,932
\$ 145,761

Business Type activities:

Food service operations

\$ 4,646

(4) Bus Loan Payable

In August, 2008 the District borrowed \$54,977 for the purchase of a school bus from the Iowa State Bank. The loan will be repaid over four years from proceeds of the District's Physical Plant and Equipment Levy.

Details of the District's June 30, 2009 bus loan payable are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2009	3.65%	\$12,988	2,043	15,031
2010	3.65	13,498	1,533	15,031
2011	3.65	13,991	1,040	15,031
2012	3.65	<u>14,500</u>	<u>530</u>	<u>15,030</u>
		<u>\$54,977</u>	<u>5,146</u>	<u>60,123</u>

(5) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$139,317 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(6) Risk Management

Clarksville Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	<u>General Obligation Bonds</u>	<u>Bus Loan Payable</u>	<u>Total</u>
Balance beginning of year	\$165,000	-	165,000
Additions	-	54,977	54,977
Reductions	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Balance end of year	<u>\$ -</u>	<u>54,977</u>	<u>54,977</u>

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$118,456, \$98,361, and \$93,903 respectively, equal to the required contributions for each year.

(9) Interfund Transfers

The detail of Interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$156,806</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(10) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investment</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2009-10A	6/25/09	6/23/10	<u>\$227,547</u>	<u>28</u>	<u>224,000</u>	<u>77</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2008-09A	\$ <u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2008-09A	3.500%	3.469%
2009-10A	2.500%	0.902%

Required Supplementary Information

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 1,827,037	98,261	1,925,298	1,819,628	1,819,628	105,670
State sources	2,263,663	1,977	2,265,640	2,228,677	2,228,677	36,963
Federal sources	158,525	74,167	232,692	163,770	163,770	68,922
Total revenues	<u>4,249,225</u>	<u>174,405</u>	<u>4,423,630</u>	<u>4,212,075</u>	<u>4,212,075</u>	<u>211,555</u>
Expenditures/expenses:						
Instruction	2,783,688	-	2,783,688	2,675,220	2,892,409	108,721
Support services	963,890	-	963,890	1,011,000	1,011,000	47,110
Non-instructional programs	3,029	174,136	177,165	166,230	193,094	15,929
Other expenditures	394,581	-	394,581	463,795	483,905	89,324
Total expenditures/expenses	<u>4,145,188</u>	<u>174,136</u>	<u>4,319,324</u>	<u>4,316,245</u>	<u>4,580,408</u>	<u>261,084</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	104,037	269	104,306	(104,170)	(368,333)	472,639
Other financing sources (uses)	<u>54,977</u>	<u>-</u>	<u>54,977</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	159,014	269	159,283	(104,170)	(368,333)	472,639
Balance beginning of year	397,393	64,600	461,993	354,683	354,683	107,310
Balance end of year	<u>\$ 556,407</u>	<u>64,869</u>	<u>621,276</u>	<u>250,513</u>	<u>(13,650)</u>	<u>579,949</u>

See accompanying independent auditor's report.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$264,163.

During the year ended June 30, 2009, expenditures did not exceed the amended budgeted amount in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Interest	\$ 9,722	1,687	1,763	9,646
Athletics	5,506	44,875	43,311	7,070
Athletics Clearing	2,222	4,816	6,308	730
Get a Grip	374	-	-	374
School Store	3,837	5,098	5,175	3,760
Jump Rope for Heart	134	-	-	134
Special Donations	2,073	990	1,122	1,941
JH Magazines	2,144	5,509	6,113	1,540
Elementary Projects	910	1,773	363	2,320
JH Student Council	738	-	-	738
SH Student Council	3,200	3,824	4,395	2,629
Cheerleaders	978	1,040	1,091	927
Instrumental Music	258	893	1,056	95
Vocal Music	83	265	348	-
Music Fundraiser/Trip	1,005	-	-	1,005
Drill Team	-	2,111	1,626	485
National Honor Society	1,472	2,461	2,075	1,858
Spanish Club	633	5,341	3,441	2,533
Drama/Speech	434	1,603	1,864	173
Yearbook	4,093	5,390	5,401	4,082
Home Economics	493	407	277	623
Industrial Technology	663	222	258	627
Senior Class	1,146	1,412	2,504	54
Junior Class	338	15,006	13,957	1,387
Sophomore Class	124	270	260	134
Freshman Class	67	278	85	260
8th Grade Class	-	117	32	85
7th Grade Class	-	20	-	20
Special Clearing	65	2,229	2,294	-
Recycling Project	3,717	1,872	909	4,680
JH Math	116	-	-	116
Playground Project	1,000	8,281	-	9,281
Total	\$ 47,545	117,790	106,028	59,307

See accompanying independent auditor's report.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Private Purpose Trusts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Asher Scholarship	\$ 12,678	416	500	12,594
Weinberg Scholarship	35,283	1,149	2,000	34,432
Winkey Scholarship	6,952	228	300	6,880
Eslinger Scholarship	2,201	66	500	1,767
Herrera Scholarship	72	3	-	75
Clarksville Alumni	350	400	350	400
Total	<u>\$ 57,536</u>	<u>2,262</u>	<u>3,650</u>	<u>56,148</u>

See accompanying independent auditor's report.

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds

For the Last Six Years

	Modified Accrual Basis					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax						
Tuition	\$ 1,560,377	1,509,161	1,502,830	1,380,329	1,347,315	1,302,884
Other	79,973	75,297	72,100	95,152	86,628	115,871
State sources	186,687	174,416	207,739	215,024	155,200	146,862
Federal sources	2,263,663	1,933,068	1,714,184	1,544,051	1,570,049	1,474,177
	158,525	111,912	137,009	289,141	124,031	247,513
Total	<u>\$ 4,249,225</u>	<u>3,803,854</u>	<u>3,633,862</u>	<u>3,523,697</u>	<u>3,283,223</u>	<u>3,287,307</u>
Expenditures:						
Instruction	\$ 2,783,688	2,567,449	2,369,658	2,293,561	2,203,668	2,225,277
Support services:						
Student	49,688	35,537	17,759	1,237	34,192	25,466
Instructional staff	145,129	135,110	64,119	91,556	62,007	40,261
Administration	335,648	345,752	338,570	335,300	413,221	360,814
Operation and maintenance of plant	270,017	320,803	243,655	262,646	208,781	222,050
Transportation	163,408	102,373	95,011	75,843	71,999	75,741
Non-instructional programs	3,029	2,629	1,492	1,495	1,441	1,636
Other expenditures:						
Facilities acquisition	82,109	74,792	35,117	255,319	100,500	193,176
Debt service:						
Principal	165,000	155,000	154,000	144,000	139,000	130,000
Interest and services	8,155	15,285	22,110	28,010	34,085	39,935
AEA flowthrough	139,317	124,258	11,475	109,443	110,505	111,114
Total	<u>\$ 4,145,188</u>	<u>3,878,988</u>	<u>3,352,966</u>	<u>3,598,410</u>	<u>3,379,399</u>	<u>3,425,470</u>

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

To the Board of Education of the
Clarksville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clarksville Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Clarksville Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Clarksville Community School District's financial statements that is more than inconsequential will not be prevented or detected by Clarksville Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Clarksville Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-09 and I-B-09 are material weaknesses.

Compliance and Other Matters

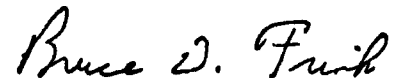
As part of obtaining reasonable assurance about whether Clarksville Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. We noted no instances of non-compliance or other matters to be described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clarksville Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Clarksville Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clarksville Community School District and other parties to whom Clarksville Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clarksville Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

December 4, 2009

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-09 SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

I-B-09 AUDITOR DRAFTING OF THE FINANCIAL STATEMENTS AND RELATED FOOTNOTE DISCLOSURES

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, did not exceed the amended certified budget amount in any of the four functions.
- II-B-09 Questionable Disbursements - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- II-G-09 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-H-09I Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education.
- II-I-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-
Statewide sales and services tax revenue			216,778
Expenditures/transfers out:			
School infrastructure:			
Buildings and improvements	\$	59,972	
Debt service for school infrastructure:			
General obligation debt		156,806	216,778
Ending balance		\$	-